

Message Text

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ACTION MC-02

INFO OCT-01 EA-07 ISO-00 TRSE-00 PM-04 DODE-00 EB-07 L-03
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C O N F I D E N T I A L SEOUL 0110

EO 11652: GDS
TAGS: MILI KS
SUBJ: LOCKHEED ASSISTANCE TO ROK ADD

REF: STATE 76 STATE 307570

1. REFTEL REQUESTED CONFIRMATION OF LOCKHEED ASSISTANCE TO ROK ADD ON PROPELLANT PLANT INSTALLATION AND INFORMATION ON LOCKHEED PERSONNEL AND DETAILS OF THE CONTRACT.

2. ROK ADD HAS AN ASSISTANCE CONTRACT WITH THE LOCKHEED AIRCRAFT SERVICE COMPANY (LASC), A DIVISION OF LOCKHEED AIRCRAFT CORPORATION, WITH ADDRESS AS FOLLOWS: P.O. BOX 33, ONTARIO, CALIF. 91761, (714) 988-2271, TWX 910-581-3409.

3. TO OUR KNOWLEDGE, ALL SIX OF THE LASC EMPLOYEES THAT HAVE BEEN IN KOREA TO DATE (ARRIVED APRIL 76) ARE FORMER EMPLOYEES OF LOCKHEED PROPULSION COMPANY AND ARE U.S. CITIZENS. THE ORIGINAL CONTRACT WITH LASC EXPIRED ON 31 OCTOBER 1976. THIS \$567,000 CONTRACT CALLED FOR LASC ASSISTANCE IN THE INSTALLATION AND ON-SITE CHECKOUT OF ALL OF THE PROPELLANT PLANT EQUIPMENT. UNDER THIS CONTRACT, LASC WAS TO TRAIN SOME SPERSONNEL IN EQUIPMENT OPERATION AND MAINTENANCE AND FURNISH COMPLETE OPERATING PROCEDURES. ALTHOUGH NO FORMAL SAFETY TRAINING PROGRAM OR SAFETY EQUIPMENT WAS TO BE PROVIDED UNDER THE CONTRACT, LASC WAS TO
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PROVIDE TECHNICAL ADVICE AND ASSISTANCE TO MAKE ADD AWARE OF THE APPROPRIATE SAFETY DEVICES. CONTRACT DOES NOT APPEAR TO PROVIDE FOR TRANSFER OF PROPELLANT TECHNOLOGY OR ANY TECHNICAL ASSISTANCE IN THE PROPELLANT TECHNOLOGY AREA. CONTRACT ALSO PROVIDES IT IS NOT TO BECOME EFFECTIVE WITHOUT PRIOR APPROVAL OF U.S. GOVERNMENT. (ALTHOUGH WE HAVE NO RECORD HERE OF SUCH APPROVAL, WE PRESUME IT WAS OBTAINED

FROM APPROPRIATE AUTHORITY.)

4. IN ADDITION, LASC ADVISED THEY PLANNED DURING CONTRACT PERIOD TO EXPLORE WITH ADD WHAT TYPE OF FOLLOW-ON TECHNICAL ASSISTANCE WOULD BE REQUIRED AND COULD BE PROVIDED BY LASC IN THE SPECIFIC AREA OF RELOADING HAWK AND NIKE HERCULES ROCKET MOTORS. IN ADDITION TO EXPRESSING INTEREST IN LASC ASSISTANCE AS CONSULTANTS IN SETTING UP A MOTOR RELOADING CAPABILITY, ADD INDICATED DURING DISCUSSIONS WITH LASC A DESIRE FOR POSSIBLE FOLLOW-ON TECHNICAL ASSISTANCE IN PRODUCTION ENGINEERING OF MOTOR CASES AND MOTOR NOZZLES AND IN THE GENERAL AREA OF PROPELLANT TECHNOLOGY.

5. IN JUNE 76, IT BECAME APPARENT TO LASC THAT THE CONTRACT REQUIREMENTS COULD NOT BE COMPLETED BY THE END OF THE CONTRACT PERIOD DUE TO THE SLOW PACE OF CONSTRUCTION AND LACK OF QUALIFIED ADD PERSONNEL. THEREFORE, A CONTRACT EXTENSION RUNNING THROUGH 15 FEB 77 AT AN ADDITIONAL COST OF \$125,000 WAS NEGOTIATED IN SEPT 76. AS A RESULT OF THE NEGOTIATIONS, THE SCOPE OF THE CONTRACT WAS REDUCED SO THAT THE MAIN ACTIVITY WAS DIRECTED TOWARD GETTING THE PRODUCTION TYPE EQUIPMENT INSTALLED AND CHECKED OUT. THE INSTALLATION OF THE PLANT'S LABORATORY EQUIPMENT AND TRAINING OF PERSONNEL WERE DELETED FROM THE EXTENSION IN ORDER TO PERMIT EARLIER COMPLETION OF THE BASIC PRODUCTION INSTALLATION WHICH IS PROCEEDING WITH ONLY FOUR OF THE ORIGINAL TECHNICIANS. SIX TO TEN ADDITIONAL PERSONNEL WHO ARE EXPERTS IN VARIOUS AREAS WERE TO ARRIVE 5 JAN 77 TO ASSIST IN THE INSTALLATION EFFORT. AN OPTION WAS
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INCLUDED IN THE CONTRACT, WHICH ADD CAN EXERCISE WITHIN THE NEXT YEAR, FOR LASC TO FURNISH EXPERTS AS REQUIRED TO ASSIST IN THE INSTALLATION OF EQUIPMENT NOT INSTALLED BY 15 FEBRUARY 77. NO TECHNICAL ASSISTANCE WAS INCLUDED IN IN CONTRACT AND LASC PERSONNEL REPORT THAT ADD'S INTEREST IN FOLLOW-ON TECHNICAL ASSISTANCE FROM LASC HAS DIMINISHED CONSIDERABLY. WE UNDERSTAND FROM LASC, HOWEVER THAT THE INSTALLATION WILL NOT BE COMPLETED BY 15 FEB 77 SINCE THE 300 GAL MIXER HAS BEEN FOUND TO BE DAMAGED AND IS BEING REPAIRED BY ADD UNDER SEPARATE CONTRACT WITH BAKER-PERKINS, THE MANUFACTURER.

6. WE CANNOT EXCLUDE POSSIBILITY THAT SOME TECHNICAL INFORMATION MAY HAVE BEEN CONVEYED IN COURSE OF INFORMAL DISCUSSIONS BETWEEN LASC AND ADD PERSONNEL, PARTICULARLY EARLIER IN 1976 WHEN ADD EMPLOYEES WERE ENGAGING MORE FREELY THAN AT PRESENT IN CONVERSATIONS ON THEIR ACTIVITIES. WE HAVE IMPRESSION THAT ADD CUT BACK EXCHANGES WITH LASC PERSONNEL AND REDUCED ACCESS OF LATTER TO ADD FACILITIES IN RECOGNITION THAT LASC PERSONNEL WERE

DISCUSSING THEIR OBSERVATIONS EXTENSIVELY WITH JUSMAG. LASC PERSONNEL HAVE INDICATED AWARENESS OF RESTRICTION ON TRANSFER OF PROPELLANT TECHNOLOGY WITHOUT THE APPROPRIATE EXPORT LICENSE APPROVAL FROM STATE DET. THEY ALSO BELIEVE THAT ADD WILL REQUIRE TECHNICAL ASSISTANCE FROM SOMEONE TO GET THE PLANT OPERATIONAL AND MAINTAIN IT, AND THAT THE ADD PERSONNEL DO NOT UNDERSTAND SAFETY OR QUALITY CONTROL PROCEDURES.

7. FURTHER INFORMATION IS CONTAINED IN THE JUSMAG WEEKLY UPDATES OF 27 FEB 76, 5 MAR 76, 30 APRIL 76, 4 JUNE 76, 17 SEP 76, 1 OCT 76, AND 17 DEC 76. A COPY OF THE ORIGINAL CONTRACT IS BEING FORWARDED UNDER SEPARATE LETTER. WE DO NOT HAVE A COPY OF THE CONTRACT EXTENSION BUT WILL FORWARD SAME WHEN WE RECEIVE IT.
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